



# USAID | IRAQ

FROM THE AMERICAN PEOPLE

## INITIAL ENVIRONMENTAL EXAMINATION AND CATEGORICAL EXCLUSION Amendment 1

### ACTIVITY DATA

Activity Number: N/A  
 Country/Region: USAID/Iraq  
 Activity Name: Umbrella PAD  
 Program Area:  
 Funding Begin: February 16, 2016  
 Funding End: December 31, 2020  
 LOP Amount: \$464 million  
 IEE Prepared by: Vladan Raznatovic, MEO  
 Date: August 19, 2016  
 IEE Amendment: Yes X No   

If Yes File name and date of original IIEE: ME 16-13 IRAQ, approved by BEO on 02/25/2016

### ENVIRONMENTAL ACTION RECOMMENDED: (Place X where applicable)

Categorical Exclusion X Negative Determination X  
 Positive Determination    Deferral     
 With Conditions X

### PURPOSE:

The purpose of this IEE amendment is to:

- a) Expand the activities and change the life of project amount under UNDP Grant AID-267-IO-15-00001 from \$24.5 million to \$197 million; and
- b) Change the life of the project amount for the Performance Management and Support Program for Iraq under Cross-cutting Objective #3 - Monitoring, Evaluation, and Learning from \$15 million to \$25 million.

The Mission intends to modify the existing PIO grant to UNDP to implement stabilization and economic reform activities approved in the Project Appraisal Document for the Iraqi Governance Project (PAD) dated April 17, 2016, for a new total USAID PIO grant life of project (LOP) funding of \$197 million and a new project estimated end date of December 31, 2020.

Also, the Mission will increase the life of project funding up to \$25 million for the Performance Management and Support Program for Iraq to ensure effective monitoring and evaluation of the Iraq portfolio.

All other elements of the IEE remain same.

## **BACKGROUND AND DESCRIPTION OF ACTIVITIES:**

### **Objective #2 - Advancing Stabilization in Newly Liberated Areas**

The Stabilization Working Group established the Funding Facility for Immediate Stabilization (FFIS) in June 2015. The working assumption then was that enhanced stabilization projects would be undertaken by the Government of Iraq (GoI) as soon as FFIS left a city or district. However, this sequencing of post-liberation efforts has not yet materialized because of the lack of GoI funding due to the drastic drop in oil revenue. Worried that military gains are at risk and that progress made during immediate stabilization might be reversed by the slower pace of reform and reconstruction, the GoI and UNDP plan to open a second stabilization channel, known as the Funding Facility for Expanded Stabilization (FFES), to fund medium-scale initiatives in the approximate range of USD \$10 to \$50 million. This new channel will build on and expand FFIS activities, prioritizing activities that generate large numbers of jobs, incentivize mass returns, and help to consolidate corridors between stabilized cities and districts. A key aim of the second channel is to accelerate recovery, rapidly build resilience to further shocks, and promote reconciliation at the community level through the restoration of economic infrastructure and activity.

UNDP is presently seeking \$340 million in donor funding for the FFIS (with pledges totaling approximately \$97 million to date) and \$550 million for the FFES, and estimates that the amount needed for 2017 will exceed \$600 million. For the economic reform components, UNDP is presently seeking \$40 million for each facility; no estimates of future year funding needs have been generated. The total USAID contribution is expected to be \$197 million.

Through the grant modification with UNDP, USAID will expand the scope of activities to encompass a total of four funding components to implement PAD-approved stabilization and economic reform activities, as follows:

1. **The Funding Facility for Immediate Stabilization (FFIS):** The FFIS will continue to implement programs in newly liberated areas to promote the safe and voluntary return of internally displaced persons (IDPs). Activities include public works and light infrastructure rehabilitation, livelihoods, capacity support, and community reconciliation.
2. **A new Funding Facility for Expanded Stabilization (FFES):** The FFES will implement programs in newly liberated areas that build on and expand FFIS activities. Activities include those that are expected to generate large numbers of jobs and incentivize large numbers of people to remain in their communities. The FFIS and FFES are envisioned as operating sequentially, with FFIS supporting priority cities immediately after liberation, and FFES supporting Governorate-level priorities for periods of 3-18 months after immediate stabilization is completed.
3. **A new Funding Facility for Economic Reform – Federal (FFER – Federal):** The FFER-Federal is designed to support the Prime Minister's Office to oversee critical economic reforms that are required by international financial institutions, namely the International Monetary Fund (IMF) and the World Bank, as well as by bilateral donors. The Prime Minister's Office is establishing an Economic Reform Unit (ERU) to oversee the implementation of these reforms within the various ministries and agencies that implement fiscal and monetary policies. The ERU will also serve as a focal point for coordinating donor contributions to economic reforms.

## UNCLASSIFIED

-3-

4. **A new Funding Facility for Economic Reform – Kurdistan Regional Government (KRG) (FFER – KRG):** The FFER-KRG is designed to support the KRG to oversee critical economic reforms proposed by the World Bank and bilateral donors. There are multiple lines of effort within the KRG to lead reforms, including through the Ministry of Planning and the Deputy Prime Minister's Office. The FFER-KRG will help the KRG and international donors to unify and prioritize KRG reform efforts.

### **Objective #3 - Monitoring, Evaluation, and Learning**

The purpose of Performance Management and Support Program for Iraq is to supplement the monitoring and program management efforts of USAID/Iraq staff; and to verify, monitor and support USAID program performance evaluation in Iraq. Information gathered and program support services provided by the Contractor will assist the Mission to make informed decisions and better manage Implementing Partners' (IPs) performance throughout the country.

Illustrative tasks are:

- Task 1. Support Development and Implementation of USAID/Iraq's Performance Management Plan (PMP)
- Task 2: Provide Independent Monitoring of the Implementation of USAID/Iraq's Programs and Activities and Progress in Achieving Results
- Task 3: Provide Independent Monitoring of Compliance with USG and Agency Legal Policies, Regulations and Guidelines in the Implementation of USAID/Iraq's Programs and Activities, for example -- but not limited to -- the Integration of Gender Considerations, Mitigation of Environmental Impacts, and Future Sustainability of Results
- Task 4. Provide Evaluation Assistance
- Task 5. Support Additional Performance Management and Support Services.

### **SUMMARY OF FINDINGS**

The Mission will execute the PAD's **Objective #1 – Improving Government's Response to Citizens' Needs** and **Objective#2 Stabilization Support in Areas Liberated from Da'esh and Activity** through a modification of the existing Public International Organization (PIO) Grant to the United Nations Development Program (UNDP), grant number AID-267-IO-15-00001. The modification will expand support for stabilization and economic reform through four components. The **Funding Facility for Immediate Stabilization (FFIS)** and the **Funding Facility for Expanded Stabilization (FFES)** will contribute to **Objective #2**. The **Funding Facility for Economic Reform (FFER) - Federal** and the **Funding Facility for Economic Reform (FFER) – KRG** will contribute to achievement of **Objective #1**. The Mission through the PIO grant to UNDP will program the entire \$177 million approved in the PAD for Objective #2 and \$20 million of the amount approved for Activity 2 under Objective #1.

Although design, management and implementation of activities under the grant are the responsibility of UNDP, UNDP must obtain USAID's prior approval for projects and activities that will be funded with USAID funds. In the process of negotiating the current modification, UNDP provided USAID with a list of prioritized projects and cost estimates. Upon review of the proposed projects anticipated to be funded by USAID under FFIS and FFES, it was determined

UNCLASSIFIED

-4-

that the projects encompass activities that could have adverse impact on the environment, such as:

a) Under the FFIS, activities implemented under the Public Works and Light Infrastructure Rehabilitation window, e.g., light repairs of key infrastructure including health clinics, water infrastructure and treatment facilities, power grids and generators, schools, other government buildings, and access roads.

b) Under the FFIS, activities implement under the Livelihoods window, including those aimed at jumpstarting the local economy and generating income for local households, particularly families returning to their homes, which may include grants to small businesses with high community impact including bakeries, electrical shops, agriculture, food kiosks, and micro-stores, and short-term employment through public work schemes including cash-for-work opportunities.

c) All activities under the FFES, including rehabilitation of key public institutions (for example, universities and public hospitals) and rehabilitation of transport grids, agricultural systems, and other such municipal infrastructure.

Therefore, for activities funded by USAID falling under the above listed categories, the threshold determination is a Negative Determination, with conditions.

ADS 308.3.11 states: "In awarding cost-type grants to PIOs with their own environmental policies, for activities that are not exempted or categorically excluded from environment analysis under 22 CFR 216.2, USAID should strive to rely upon the PIO's application of its own environment policies to the activity proposed." UNDP has submitted its own environmental policy guidelines, with assurance that these will be applied. UNDP's environmental guidelines were reviewed and have been determined to be sufficient. The cost-type grant with UNDP will include the required provision which requires that UNDP comply with their standard environment procedures, subject to the limitations set forth in this IEE and specified in the PIO grant to UNDP.

The estimated funding for Performance Management and Support Program for Iraq under the **Cross-cutting Objective #3 - Monitoring, Evaluation, and Learning** has increased to \$25 million. Activities envisaged under the Performance Management and Support Program for Iraq do not have direct adverse environmental impacts, as they entail support such as: capacity building, technical assistance, training and skills development, information transfer, and monitoring mechanisms.

**Table 1: Recommended threshold determinations and conditions for each activity.**

Activities	Categorical Exclusion	Negative Determination with Conditions	Positive Determination	Deferral
(PIO Grant) The Funding Facility for Immediate Stabilization (FFIS)	N/A	X	N/A	N/A
(PIO Grant) A new Funding Facility for Expanded Stabilization (FFES)	N/A	X	N/A	N/A

UNCLASSIFIED

-5-

Activities	Categorical Exclusion	Negative Determination with Conditions	Positive Determination	Deferral
(PIO Grant) A new Funding Facility for Economic Reform – Federal (FFER – Federal)	22 CFR 216.2(c)(2)(i), (iii) and (v)	N/A	N/A	N/A
(PIO Grant) A new Funding Facility for Economic Reform – Kurdistan Regional Government (KRG) (FFER – KRG)	22 CFR 216.2(c)(2)(i), (iii) and (v)	N/A	N/A	N/A
Performance Management and Support Program for Iraq	22 CFR 216.2(c)(2)(i), (iii) and (v)	N/A	N/A	N/A

**Recommended Action:**

A new Funding Facility for Economic Reform – Federal (FFER – Federal), a new Funding Facility for Economic Reform – Kurdistan Regional Government (KRG) (FFER – KRG), and Performance Management and Support Program for Iraq - **Categorical Exclusion**

Because the FFER-Federal, FFER-KRG and Performance Management and Support Program for Iraq are consistent with similar types of environmentally neutral actions and interventions listed in 22 CFR 216.2(c)(2), and they meet the criteria for Categorical Exclusion and are categorically excluded from any further environmental review requirements under 22 CFR 216.2(c)(3).

Categorical Exclusions are further recommended, pursuant to 22 CFR 216.2(c)(2)(i), (iii), (v), and (xiv) under the following classes of actions:

- (a) Technical assistance, education and training [216.2(c)(2)(i)];
- (b) Analysis, studies, meetings and workshops [216.2(c)(2)(iii)];
- (c) Document and information transfer [216.2(c)(2)(v)]; and,
- (d) Studies, projects or programs intended to develop the capability of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting the environment (such as construction of facilities, etc.) [216.2(c)(2)(xiv)].

The Funding Facility for Immediate Stabilization (FFIS) and new Funding Facility for Expanded Stabilization (FFES) - **Negative determinations with conditions**

Conditions:

- 1) The PIO will use its environmental policies and procedures in implementing USAID funded activities as permitted by 22 CFR 216 procedures and ADS 308.
- 2) For each Environmental Review form or other environmental assessment documents required to be prepared for a project or activity by UNDP procedures, such documentation will be included in the project or activity proposal submitted to USAID for approval. The environmental documents will be reviewed and cleared by MEO prior to approval to of the project or activity.
- 3) UNDP will be responsible for the oversight of the implementation and environmental compliance of projects and activities implemented under the FFIS and FFES.

## UNCLASSIFIED

-6-

4) UNDP will provide USAID with formal quarterly progress and monitoring reports documenting environmental compliance for the USAID funded projects. In the event that environmental compliance is found to be lacking or insufficient to satisfy USAID's environmental compliance policy codified in 22 CFR 216, further contributions to the FFIS and FFES may be suspended as provided in the terms and conditions of the PIO grant to UNDP.

5) USAID has put in place enhanced monitoring of this award by engaging its third-party monitoring and evaluation contract for Iraq. Through this contract, USAID utilizes field-based Iraqi Field Monitors to provide supplemental monitoring and verification of the performance of FFIS activities. The use of third-party monitoring will continue under the modified grant to monitor and verify the performance FFES activities.

6) A copy of this IEE will be provided to the UNDP and explained by the Agreement Officer's Representative and the Mission Environmental Officer.

### **Limitation of the IEE:**

This assistance does not cover activities involving:

1. Assistance, procurement or use of genetically modified organisms (GMOs). The use of GMOs will require preparation of a biosafety assessment (review) in accordance with ADS 201.3.9.3(a) in an amendment to the IEE approved by the Bureau Environmental Officer (BEO).

2. Procurement (including payment in-kind, donations, guarantees of credit) or use (including handling, transport, fuel for transport, storage, mixing, loading, application, cleanup of spray equipment, and disposal) of pesticides or activities involving procurement, transport, use, storage, or disposal of toxic materials and/or pesticides (cover all insecticides, fungicides, rodenticides, etc. covered under the Federal Insecticide, Fungicide, and Rodenticide Act).

3. Procurement or use of Asbestos Containing Materials (ACM) (i.e., piping, roofing, handling and disposal of waste material etc.), Polychlorinated Biphenyl's (PCB) or other toxic/hazardous materials prohibited by the US EPA as provided at: <http://www.epa.gov/asbestos> and/or under international environmental agreements and conventions, e.g., Stockholm Convention on Persistent Organic Pollutants as provided at: <http://cbm.pops.int>, procurement and use of pesticides, and procurement and use of lead and mercury.

### **COMPLIANCE**

Pursuant to USAID's environmental procedures, including ADS 204.3.4, the Contracting/Agreement Officer's Representative (C/AOR) or Activity Manager and the activity implementing partner are required to actively monitor their activities to ensure that they remain within the bounds of the above stated environmental threshold decisions. This requires undertaking periodical field checks in the activity implementation areas to verify whether any activities are being implemented that could result in unforeseen adverse environmental impacts that could be occurring, and to ensure that the activities remain within the bounds of the IEE. Given the security restrictions for USAID employees in Iraq for monitoring activities, the C/AOR or Activity Manager will rely on an independent third-party monitoring contractor to ensure environmental compliance.

### **REVISIONS**

As with all USAID-funded projects, and pursuant to 22 CFR 216.3(a)(9), if new information becomes available which indicates that any of the proposed actions to be funded by this activity might be "major" and their effects "significant," the threshold decision for the actions listed above will be reviewed and revised by the originator(s) of the program and projects and

UNCLASSIFIED

-7-


submitted through the MEO to the Bureau Environmental Officers, ME, for approval and, if warranted, an environmental assessment will be prepared by the Mission as appropriate. It is the responsibility of the Activity Managers, AORs, and CORs to keep the Mission Environmental Officer and the BEO informed of any new information or changes in the relevant activity that might require revision of the IEE. If the Umbrella PAD duration extends without any changes in the activity descriptions authorized under the PAD, the IEE will extend automatically.

UNCLASSIFIED

-8-

**APPROVAL OF RECOMMENDED ENVIRONMENTAL ACTION Amendment No. 1 to UMBRELA IEE**

Approval:

  
\_\_\_\_\_  
Brooke Isham  
Mission Director

8/23/2016  
\_\_\_\_\_  
Date

Clearances:

  
\_\_\_\_\_  
William Patterson  
Deputy Mission Director

8/23/2016  
\_\_\_\_\_  
Date

by e-mail

\_\_\_\_\_  
Alexandra Hadzi-Vidanovic  
Regional Environmental Advisor,  
Middle East

08/22/2016

\_\_\_\_\_  
Date

by e-mail

\_\_\_\_\_  
Shavonna Maxwell  
Resident Legal Officer

08/22/2016

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Nancy Godfrey  
Program Office Director

8/23/16  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Geoffrey Minott  
Acting GEO Office Director

08/23/2016  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Vladan Raznatovic  
Mission Environmental Officer

08/23/2016  
\_\_\_\_\_  
Date

**CONCURRENCE:**

Approval:

  
\_\_\_\_\_  
John Wilson  
ME Bureau Environmental Officer

9/16/2016  
\_\_\_\_\_  
Date